

1 **ARIZONA DEPARTMENT OF FINANCIAL INSTITUTIONS**

2 In the Matter of the Mortgage Broker License of:

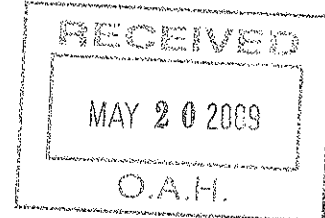
No. 09F-BD069-BNK

3 **SELECT FINANCIAL GROUP, LLC and**
4 **GREGORY T. PAKES, MEMBER, AND**
5 **PETER G. PAKES, MEMBER, AND ADAM**
6 **C. PAKES, MEMBER**

2210 Malahini Dr.
Lake Havasu City, AZ 86404

Respondents.

**ORDER OF SUMMARY SUSPENSION
AND NOTICE OF HEARING TO REVOKE**

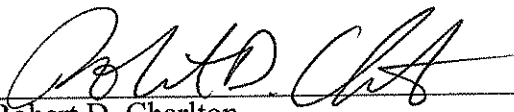


8 The Arizona Department of Financial Institutions (the "Department") hereby finds that Select
9 Financial Group, LLC and Gregory T. Pakes, Member and Peter G. Pakes, Member and Adam C.
10 Pakes, Member, ("Respondents") have violated the provisions of the Arizona Revised Statutes
11 ("A.R.S."), Title 6 as set forth below and finds that the public health, safety and welfare require
12 emergency action pursuant to A.R.S. §§ 6-905 and 41-1092.11(B).

13 **THEREFORE, IT IS ORDERED** to summarily suspend the Arizona mortgage broker
14 license held by Respondents, effective immediately, pending the proceedings for revocation or other
15 action commenced this date. **This suspension is effective immediately.**

16 EFFECTIVE this 20th day of May, 2009.

17 Felecia A. Rotellini
18 Superintendent of Financial Institutions

19 By 
20 Robert D. Charlton
21 Assistant Superintendent of Financial Institutions

22 **NOTICE OF HEARING AND COMPLAINT**

23 PLEASE TAKE NOTICE that, pursuant to Arizona Revised Statutes ("A.R.S.") §§ 6-138,
24 and 41-1092.02, the above-captioned matter will be heard through the Office of Administrative
25 Hearings, an independent agency, and is scheduled for July 22, 2009 at 1:30 p.m., at the Office of
26

1 Administrative Hearings, 1400 West Washington, Suite 101, Phoenix, Arizona, (602) 542-9826 (the
2 “Hearing”).

3 The purpose of the Hearing is: (1) to determine whether grounds exist to suspend or revoke
4 Respondents’ mortgage broker license; (2) to order any other remedy necessary or proper for the
5 enforcement of statutes and rules regulating mortgage brokers in Arizona pursuant to A.R.S.
6 §§ 6-123 and 6-131; and (3) to impose a civil money penalty pursuant to A.R.S. § 6-132.

7 Pursuant to A.R.S. § 6-138, the Superintendent of Financial Institutions for the State of
8 Arizona (the “Superintendent”) delegates the authority vested in the Superintendent, whether implied
9 or expressed, to the Director of the Office of Administrative Hearings or the director’s designee to
10 preside over the Hearing as the Administrative Law Judge, to make written recommendations to the
11 Superintendent consisting of proposed Findings of Fact, Conclusions of Law, and Order. The Office
12 of Administrative Hearings has designated Lewis Kowal, at the address and phone number listed
13 above, as the Administrative Law Judge for these proceedings. Pursuant to Arizona Administrative
14 Code (“A.A.C.”) Rule 2-19-104 and A.R.S. §§ 41-1092.01(H)(1) and 41-1092.08, the
15 Superintendent retains authority to enter orders granting a stay, orders on motions for rehearing, final
16 decisions pursuant to A.R.S. § 41-1092.08 or other order or process which the Administrative Law
17 Judge is specifically prohibited from entering.

18 Motions to continue this matter shall be made in writing to the Administrative Law Judge **not**
19 **less than fifteen (15) days** prior to the date set for the Hearing. A copy of any motion to continue
20 shall be mailed or hand-delivered to the opposing party on the same date of filing with the Office of
21 Administrative Hearings.

22 A.R.S. § 41-1092.07 entitles any person affected by this Hearing to appear in person and by
23 counsel, or to proceed without counsel when submitting evidence, to have a reasonable opportunity
24 to inspect all documentary evidence, to cross-examine witnesses, to present evidence and witnesses
25 in support of his/her interests, and to have subpoenas issued by the Administrative Law Judge to
26 compel attendance of witnesses and production of evidence. Pursuant to A.R.S. § 41-1092.07(B),

1 any person may appear on his or her own behalf or by counsel.

2 Pursuant to A.R.S. § 41-1092.07(E), a clear and accurate record of the proceedings will be
3 made by a court reporter or by electronic means. Any party that requests a transcript of the
4 proceedings shall pay the cost of the transcript for the court reporter or other transcriber.

5 Questions concerning issues raised in this Notice of Hearing should be directed to Assistant
6 Attorney General Craig Raby (602) 542-8889, 1275 West Washington, Phoenix, Arizona 85007.

7 **NOTICE OF APPLICABLE RULES**

8 The hearing will be conducted pursuant to A.A.C. R20-4-1201 through R20-4-1220 and the
9 rules governing procedures before the Office of Administrative Hearings, A.A.C. R2-19-101 through
10 R2-19-122. A copy of these rules is enclosed.

11 Pursuant to A.A.C. R20-4-1209, Respondents shall file a written answer **within twenty (20)**
12 **days** after issuance of this Notice of Hearing. The answer shall briefly state the Respondents'
13 position or defense and shall specifically admit or deny each of the assertions contained in this
14 Notice of Hearing. If the answering Respondents are without or are unable to reasonably obtain
15 knowledge or information sufficient to form a belief as to the truth of an assertion, Respondents shall
16 so state, which shall have the effect of a denial. Any assertion not denied is deemed admitted.
17 When Respondents intend to deny only a part or a qualification of an assertion, or to qualify an
18 assertion, Respondents shall expressly admit so much of it as is true and shall deny the remainder.
19 Any defense not raised in the answer is deemed waived.

20 **If a timely answer is not filed, pursuant to A.A.C. R20-4-1209(D), Respondents will be**
21 **deemed in default** and the Superintendent may deem the findings in this Notice of Hearing as true
22 and admitted and the Superintendent may take whatever action is appropriate, including (1)
23 suspension or revocation of Respondents' license; (2) any other remedy necessary or proper for the
24 enforcement of statutes and rules regulating mortgage brokers in Arizona pursuant to A.R.S. §§ 6-
25 123 and 6-131; and (3) imposing a civil money penalty pursuant to A.R.S. § 6-132.

26 Respondents' answer shall be mailed or delivered to the Arizona Department of Financial

1 Institutions, 2910 North 44th Street, Suite 310, Phoenix, Arizona 85018, with a copy mailed or
2 delivered to the Office of Administrative Hearings, 1400 West Washington, Suite 101, Phoenix,
3 Arizona 85007 and to Assistant Attorney General Craig Raby, Attorney General's Office, 1275 West
4 Washington, Phoenix, Arizona 85007.

5 **Persons with disabilities may request reasonable accommodations such as interpreters,**
6 **alternative formats, or assistance with physical accessibility.** Requests for special
7 accommodations must be made as early as possible to allow time to arrange the accommodations. If
8 accommodations are required, call the Office of Administrative Hearings at (602) 542-9826.

9 FINDINGS

10 1. Respondent Select Financial Group, LLC, ("SFG") is an Arizona limited liability
11 company authorized to transact business in Arizona as a mortgage broker, license number MB
12 0907851, within the meaning of A.R.S. §§ 6-901, *et seq.* The nature of SFG's business is that of
13 making, negotiating, or offering to make or negotiate loans secured by Arizona real property, within
14 the meaning of A.R.S. § 6-901(6).

15 2. Respondent Gregory T. Pakes is a member and thirty three percent (33%) owner of
16 SFG. Gregory T. Pakes is authorized to transact business in Arizona as a mortgage broker within
17 the meaning of A.R.S. § 6-903(E).

18 3. Respondent Peter G. Pakes is a member and thirty three percent (33%) owner of
19 SFG. Peter G. Pakes is authorized to transact business in Arizona as a mortgage broker within the
20 meaning of A.R.S. § 6-903(E).

21 4. Respondent Adam C. Pakes is the Responsible Individual, a member and thirty three
22 percent (33%) owner of SFG. Adam C. Pakes is authorized to transact business in Arizona as a
23 mortgage broker within the meaning of A.R.S. § 6-903(E).

24 5. SFG, before conducting business as a mortgage broker, is required to have a surety
25 bond, deposited with the Superintendent, pursuant to A.R.S. § 6-903(G), in the required amount
26 pursuant to A.R.S. § 6-903(H).

6. On December 22, 2008, the Department received notification from State Farm Insurance, stating that State Farm Insurance was terminating its liability on SFG's surety bond, number 93-GH-4133-9, effective February 2, 2009.

7. On December 22, 2008, the Department sent a letter via certified mail to SFG, to the address on record with the Department, informing them of the bond cancellation.

8. SFG failed to provide documentation regarding the reinstatement of their bond or documentation of a new surety bond.

9. SFG does not have the required surety bond in order to conduct business as a mortgage broker.

10. The conduct described above constitutes an immediate threat to the public health, safety, and welfare, warranting immediate suspension of Respondents' mortgage broker license because Respondents are able to conduct business in Arizona as a licensed mortgage broker and they do not have the required surety bond.

11. The mortgage broker license of SFG is suspended.

12. The conduct described above constitutes grounds for revocation of Respondents' mortgage broker license.

LAW

1. Pursuant to A.R.S. Title 6, Chapter 9, the Superintendent has the authority and duty to regulate all persons engaged in the mortgage broker business and with the enforcement of statutes, rules, and regulations relating to mortgage brokers.

2. By the conduct set forth above in the Findings, SFG, Gregory T. Pakes, Peter G. Pakes and Adam C. Pakes violated A.R.S. § 6-903(G) by failing to maintain the required surety bond.

3. Respondents have not conducted business in accordance with the law and violated Title 6, Chapter 9 and the rules relating to this chapter, which are grounds for the suspension or revocation of Respondents' license pursuant to A.R.S. § 6-905(A)(3).

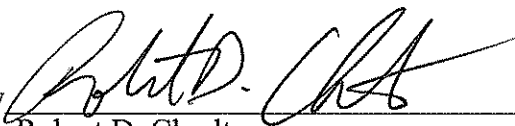
1 4. The violations, set forth above, constitute grounds for the pursuit of any other
2 remedy necessary or proper for the enforcement of statutes and rules regulating mortgage brokers in
3 Arizona pursuant to A.R.S. §§ 6-123 and 6-131.

4 5. Pursuant to A.R.S. § 6-132, Respondents' violations of the aforementioned statutes
5 are grounds for a civil penalty of not more than five thousand dollars (\$5,000.00) for each violation
6 for each day.

7 WHEREFORE, if after a hearing, the Superintendent makes a finding of one or more of the
8 above described violations or other grounds for disciplinary action, the Superintendent may: (1)
9 suspend or revoke SFG, Gregory T. Pakes, Peter G. Pakes and Adam C. Pakes mortgage broker
10 license pursuant to A.R.S. § 6-905; (2) order any other remedy necessary or proper for the
11 enforcement of statutes and rules regulating mortgage brokers in Arizona under A.R.S. §§ 6-123
12 and 6-131; and (3) impose a civil penalty pursuant to A.R.S. § 6-132.

13 EFFECTIVE this 20th day of May, 2009.

14 Felecia A. Rotellini
15 Superintendent of Financial Institutions

16 By 
17 Robert D. Charlton
18 Assistant Superintendent of Financial Institutions

19
20
21 ORIGINAL of the foregoing filed this 20th
22 day of May, 2009, in the office of:

23 Felecia Rotellini
24 Superintendent of Financial Institutions
25 Arizona Department of Financial Institutions
26 ATTN: Susan Longo
 2910 N. 44th Street, Suite 310
 Phoenix, AZ 85018

1 COPY mailed/delivered same date to:

2 Lewis Kowal, Administrative Law Judge
3 Office of the Administrative Hearings
4 1400 West Washington, Suite 101
Phoenix, AZ 85007

5 Craig Raby, Assistant Attorney General
6 Attorney General's Office
7 1275 West Washington
Phoenix, AZ 85007

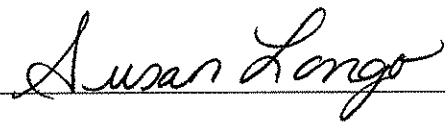
8 Richard Fergus, Licensing Division Manager
9 Arizona Department of Financial Institutions
2910 N. 44th Street, Suite 310
Phoenix, AZ 85018

10 Robert D. Charlton, Assistant Superintendent
11 Arizona Department of Financial Institutions
12 2910 N. 44th Street, Suite 310
Phoenix, AZ 85018

13 AND COPY MAILED SAME DATE, by
14 Certified Mail, Return Receipt Requested to:

15 Select Financial Group, LLC
16 Attn: Adam C. Pakes
Responsible Individual and Member
2210 Malahini Dr.
Lake Havasu City, AZ 86404

17 Select Financial Group, LLC
18 Attn: Gregory T. Pakes, Statutory Agent
2245 Sutton Pl.
19 Lake Havasu City, AZ 86404

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